

# QUARTERLY REPORT

**LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)**

**FOR THE QUARTER ENDED MARCH 31, 2002**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**

# BALANCE SHEETS

AS OF MARCH 31, 2002 AND 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 31,398	\$ 27,675
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2002, \$13,956; 2001, \$17,210).....Note 2	81,740	47,317
4	Inventories.....Note 1	3,297	3,622
5	Prepaid Expenses and Other Current Assets.....	2,383	1,007
6	Total Current Assets.....	118,818	79,621
7	Investments, Advances, and Receivables.....Note 3	14,764	15,475
8	Property and Equipment - Gross.....Notes 1, 4 & 9	857,330	823,405
9	Less: Accumulated Depreciation and Amortization.....	(319,781)	(283,465)
10	Property and Equipment - Net.....	537,549	539,940
11	Other Assets.....	116	3,094
12	Total Assets.....	\$ 671,247	\$ 638,130
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 4,536	\$ 10,397
14	Notes Payable.....Note 5	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....Note 8	-	-
16	Other.....Note 9	394	368
17	Income Taxes Payable and Accrued.....Note 1	-	-
18	Other Accrued Expenses.....Note 6	32,087	27,840
19	Other Current Liabilities.....Note 7	38,687	33,312
20	Total Current Liabilities.....	75,704	71,917
	Long-Term Debt:		
21	Due to Affiliates.....Note 8	518,330	518,330
22	Other.....Note 9	1,111	1,458
23	Deferred Credits.....	-	-
24	Other Liabilities.....	5,213	8,712
25	Commitments and Contingencies		
26	Total Liabilities.....	600,358	600,417
27	Stockholders', Partners', or Proprietor's Equity.....	70,889	37,713
28	Total Liabilities and Equity.....	\$ 671,247	\$ 638,130

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenue:		
1	Casino..... Note 1.....	\$ 125,416	\$ 110,692
2	Rooms.....	8,563	9,808
3	Food and Beverage.....	17,226	14,464
4	Other.....	6,456	5,393
5	Total Revenue.....	157,661	140,357
6	Less: Promotional Allowances..... Note 1.....	33,260	28,226
7	Net Revenue.....	124,401	112,131
	Costs and Expenses:		
8	Cost of Goods and Services.....	66,929	62,344
9	Selling, General, and Administrative.....	16,111	15,566
10	Provision for Doubtful Accounts.....	1,223	851
11	Total Costs and Expenses.....	84,263	78,761
12	Gross Operating Profit.....	40,138	33,370
13	Depreciation and Amortization..... Note 1.....	9,528	8,825
	Charges from Affiliates Other than Interest:		
14	Management Fees..... Note 10.....	4,121	3,703
15	Other..... Note 10.....	1,564	1,518
16	Income (Loss) from Operations.....	24,925	19,324
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... Note 5 & 8.....	(10,864)	(10,864)
18	Interest (Expense) - External..... Note 9.....	(104)	(134)
19	Investment Alternative Tax and Related Income (Expense) -..... Note 1.....	(616)	(379)
20	Nonoperating Income (Expense) - Net..... Note 11.....	77	117
21	Total Other Income (Expenses).....	(11,507)	(11,260)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	13,418	8,064
23	Provision (Credit) for Income Taxes..... Note 1.....	5,482	3,294
24	Income (Loss) Before Extraordinary Items.....	7,936	4,770
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$ ; 20__, \$ ).....		
26	Net Income (Loss).....	\$ 7,936	\$ 4,770

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ (14,492)	\$ 32,943
2	Net Income (Loss) - 2001.....							30,010	30,010
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								-
5	Prior Period Adjustments.....								-
6	.....								-
7	.....								-
8	.....								-
9	.....								-
10	Balance, December 31, 2001.....	100	1,370	-	-	46,065	-	15,518	62,953
11	Net Income (Loss) - March 31, 2002.....							7,936	7,936
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15	.....								-
16	.....								-
17	.....								-
18	.....								-
19	Balance, March 31, 2002.....	100	\$ 1,370	-	\$	\$ 46,065	\$	\$ 23,454	\$ 70,889

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001  
AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000.....	\$	\$	\$	\$
2	Net Income (Loss) - 2001.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2001.....				
11	Net Income (Loss) - 2002.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, March 31, 2002.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 25,874	\$ 19,073
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(9,208)	(8,756)
5	Proceeds from Disposition of Property and Equipment.....	1	
6	Purchase of Casino Reinvestment Obligations.....	(1,429)	(810)
7	Purchase of Other Investments and Loans/Advances made.....	168	315
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		
9	Cash Outflows to Acquire Business Entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(10,468)	(9,251)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....		
14	Payments to Settle Short-Term Debt.....		
15	Cash Proceeds from Issuance of Long-Term Debt.....		
16	Costs of Issuing Debt.....		
17	Payments to Settle Long-Term Debt.....	(56)	(84)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21			
22	Borrowings/Payments of Intercompany Payable.....	(20,392)	(18,577)
23	Net Cash Provided (Used) By Financing Activities.....	(20,448)	(18,661)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(5,042)	(8,839)
25	Cash and Cash Equivalents at Beginning of Period.....	36,440	36,514
26	Cash and Cash Equivalents at End of Period.....	\$ 31,398	\$ 27,675

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 10,949	\$ 11,017
28	Income Taxes.....	\$ 5,482	\$ -

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

**STATEMENTS OF CASH FLOWS**

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
29	Net Income (Loss).....	\$ 7,936	\$ 4,770
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	9,490	8,569
31	Amortization of Other Assets.....	38	256
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....		
35	(Gain) Loss on Disposition of Property and Equipment.....	(1)	
36	(Gain) Loss on Casino Reinvestment Obligations.....	616	379
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	771	(688)
39	Net (Increase) Decrease in Inventories.....	(56)	65
40	Net (Increase) Decrease in Other Current Assets.....	(362)	1,561
41	Net (Increase) Decrease in Other Assets.....	(1)	(168)
42	Net Increase (Decrease) in Accounts Payable.....	(3,110)	2,602
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	10,467	1,649
44	Net Increase (Decrease) in Other Noncurrent Liabilities		
45	Excluding Debt.....	86	78
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 25,874	\$ 19,073

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

	<b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>		
48	Additions to Property and Equipment.....	\$ 9,208	\$ 8,756
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 9,208	\$ 8,756
	<b>ACQUISITION OF BUSINESS ENTITIES:</b>		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and		
54	Property and Equipment.....		
55	Long-Term Debt Assumed.....		
56	Issuance of Stock or Capital Invested.....		
57	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	<b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>		
58	Total Issuances of Stock or Capital Contributions.....		
59	Less: Issuances to Settle Long-Term Debt.....		
60	Consideration in Acquisition of Business Entities.....		
61	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	147,752	\$ 5,994		
2	Food	563,000	8,608		
3	Beverage	842,221	4,238		
4	Travel			3,106	\$ 1,031
5	Bus Program Cash	175,095	2,450		
6	Other Cash Complimentaries	184,868	9,630		
7	Entertainment	56,967	1,325	933	369
8	Retail & Non-Cash Gifts	25,655	935	32,758	2,056
9	Parking				
10	Other*	234	80	556	309
11	Total	1,995,792	\$ 33,260	37,353	\$ 3,765

\* No single item within "Other" exceeds 5% of the total.



**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and basis of presentation**

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2001.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at March 31, 2002 and 2001, and its statements of income for the three months ended March 31, 2002 and 2001 and its statements of cash flows for the three months ended March 31, 2002 and 2001. All such adjustments were of a normal recurring nature.

**Seasonal factors**

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2002 and 2001 are not necessarily indicative of the results of operations for the full year.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

**Reclassifications**

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. These reclassifications had no impact on previously reported net income.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Revenue recognition and promotional allowances**

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$12,080 and \$10,193, for the three months ended March 31, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

**Inventories**

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Property and equipment**

Depreciation of property and equipment is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$9,490 and \$8,569 for the three months ended March 31, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

**Long-lived assets**

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

**Fair values of financial instruments**

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2002 and 2001.

**Income taxes**

The Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Casino Reinvestment Development Authority**

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

**Allocations and transactions with related parties**

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

**NOTE 2 – RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$13,569; 2001, \$16,955)	\$ 12,589	\$ 11,858
Other (net of allowance for doubtful accounts – 2002, \$387; 2001, \$255)	3,491	3,654
Due from PPE	<u>65,660</u>	<u>31,805</u>
	<u>\$81,740</u>	<u>\$ 47,317</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES**

Investments advances and receivables as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
CRDA deposits	\$ 11,843	\$ 9,232
CRDA bonds receivable	2,807	2,299
CRDA Seat License Agreement	5,672	6,346
Other, net	<u>20</u>	<u>47</u>
	20,342	17,924
Less: valuation allowance on CRDA investments	<u>(5,578)</u>	<u>(2,449)</u>
	<u>\$14,764</u>	<u>\$ 15,475</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 117,991	\$ 117,880
Buildings and improvements	534,619	520,315
Furniture, fixtures and equipment	195,791	174,675
Construction in progress	<u>8,929</u>	<u>10,535</u>
	857,330	823,405
Less accumulated depreciation and amortization	<u>(319,781)</u>	<u>(283,465)</u>
	<u>\$ 537,549</u>	<u>\$ 539,940</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 5 – NOTES PAYABLE**

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At March 31, 2002, there was no outstanding balance.

**NOTE 6 - OTHER ACCRUED EXPENSES**

Other accrued expenses as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$11,255	\$ 9,671
Insurance claims	4,957	4,014
Real estate taxes	3,539	3,429
Other	<u>12,336</u>	<u>10,726</u>
	<u>\$32,087</u>	<u>\$27,840</u>

**NOTE 7- OTHER CURRENT LIABILITIES**

Other current liabilities as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to affiliates-other	\$29,764	\$26,167
Unredeemed slot promotions liability	2,029	2,090
Unredeemed chip and token liability	5,469	3,703
Other	<u>1,425</u>	<u>1,352</u>
	<u>\$38,687</u>	<u>\$33,312</u>

**NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES**

Long-term debt - due to affiliates as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Park Place Finance Corp note due		
December 31, 2010 at 8.50%	<u>\$518,330</u>	<u>\$518,330</u>
	<u>\$518,330</u>	<u>\$518,330</u>

In December 2000, the Company satisfied Term Notes with Desert Palace Inc., and replaced these notes with a new note with PPFC at an interest rate of 8.50% due on December 31, 2010.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 9 – LONG-TERM DEBT, OTHER**

Long-term debt, other as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Mortgage Note due October 15, 2011 interest at 10.0%	\$ 769	\$ 790
Capitalized lease obligation, net of amounts representing interest	<u>736</u> 1,505	<u>1,036</u> 1,826
Less :current maturities	<u>(394)</u>	<u>(368)</u>
	<u>\$1,111</u>	<u>\$1,458</u>

**NOTE 10 – CHARGES FROM AFFILIATES - MANAGEMENT FEE**

The Company has recorded expenses for the three months ended March 31 from CWI and affiliates as follows:

		<u>2002</u>	<u>2001</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 4,121	\$ 3,703
Caesars Palace Corp.	Tradename fee	<u>1,564</u>	<u>1,518</u>
		<u>\$ 5,685</u>	<u>\$ 5,221</u>

**NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET**

Nonoperating income consists primarily of interest income.

## STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assitant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee